

AMENDED IN SENATE APRIL 22, 2008

AMENDED IN SENATE APRIL 8, 2008

AMENDED IN SENATE MARCH 24, 2008

AMENDED IN SENATE FEBRUARY 25, 2008

## SENATE BILL

**No. 1059**

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### Introduced by Senator Migden

January 7, 2008

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An act to add Section 758.6 to the Insurance Code, relating to insurance.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1059, as amended, Migden. Vehicle insurance: aftermarket parts.

Existing law provides that no insurer shall require the use of nonoriginal equipment manufacturer aftermarket crash parts in the repair of an insured's motor vehicle, unless the consumer is advised in a written estimate, as specified, before repairs are made. These provisions are enforceable by the Insurance Commissioner.

This bill would provide that it is unlawful for any insurer to require the installation of an aftermarket part, as defined, if the part to be replaced is under the existing original manufacturer's warranty, as specified, ~~or limit~~. *The bill would require insurers, at the time of sale, to expressly notify the insured whether the insurance contract allows for the use of aftermarket parts, and that the use of these parts may affect the insured's vehicle manufacture's warranty. The required use of aftermarket parts would also be required to be clearly and conspicuously disclosed in bold type on the front declaration page of the policy. Insurers would be prohibited from limiting payment to the cost of installing an aftermarket part on a vehicle when an original*

equipment manufacturer part is installed, *as specified*. This provision would apply to a vehicle only during the first 3 years from the date on which the vehicle is sold as new.

Vote: majority. Appropriation: no. Fiscal committee: ~~yes~~-no. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 758.6 is added to the Insurance Code, to  
2 read:

3 758.6. (a) It is unlawful for an insurer to do either of the  
4 following:

5 (1) Require the installation of an aftermarket part on a vehicle  
6 if the part to be replaced is under the existing original  
7 manufacturer's warranty, unless the aftermarket parts are required  
8 to be used under the terms of the claimant's insurance contract. *At*  
9 *the time of sale, the insurer shall expressly notify the insured*  
10 *whether the insurance contract allows for the use of aftermarket*  
11 *parts, and that the use of aftermarket parts may affect the insured's*  
12 *vehicle manufacture's warranty. The required use of aftermarket*  
13 *parts shall also be clearly and conspicuously disclosed in bold*  
14 *type on the front declaration page of the policy.* For the purposes  
15 of this section "aftermarket part" means any engine and its  
16 components, cooling system, air conditioning system, or corrosion  
17 protection part that was not manufactured, fabricated, or supplied  
18 for or by the original manufacturer of the vehicle.

19 (2) Limit payment to the cost of installing an aftermarket part  
20 on a vehicle when an original equipment manufacturer part is  
21 installed pursuant to this section.

22 (b) This section shall apply to a vehicle only during the first  
23 three years from the date on which the vehicle is sold as new.